

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12

NSAE-00 PA-01 SS-15 SP-02 ICA-11 TRSE-00 DODE-00

NSC-05 H-01 EB-08 OMB-01 /087 W

-----110348 121750Z /46

P R 121652Z JUL 78

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 8547

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

COMICEDEFOR KEFLAVIK IC

CINCLANT NORFOLK VA

CINCEUR VAIHINGEN GE

USMISSION USNATO

LIMITED OFFICIAL USE REYKJAVIK 0904

E.O. 11652: N/A

TAGS: PINT, IC

SUBJECT: PRESIDENT ASKS SOCIAL DEMOCRATS TO FORM GOVERNMENT

REF: REYKJAVIK 0881 DTG 061640Z JUL 78

1. BEGIN UNCLASSIFIED. ON JULY 12, PRESIDENT ELDJARN INVITED BENEDIKT GRONDAL, CHAIRMAN OF THE SOCIAL DEMOCRATIC PARTY (SDP), TO FORM GOVERNMENT. GRONDAL ACCEPTED MANDATE NOTING THAT PARTY PREFERENCE WOULD BE TO FORM BROADLY BASED COALITION WITH PEOPLE'S ALLIANCE (PA) AND INDEPENDENCE PARTY (IP). SDP PARLIAMENTARY FACTION MEETING AFTERNOON JULY 12 TO DISCUSS FIRST STEPS IN TRYING TO BUILD COALTION.  
END UNCLASSIFIED

2. GRONDAL WILL NOT HAVE EASY TIME TRYING TO REACH AGREEMENT WITH OTHER PARTIES. INFORMAL DISCUSSIONS WITH PA (REFTEL)  
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WERE BROKEN OFF LAST WEEK AFTER SEVERAL UNSUCCESSFUL SESSIONS. SDP CHARACTERIZED PA AS COMPLETELY INFLEXIBLE AND UNCOMPROMISING ON ITS POSITIONS ON ECONOMIC MATTERS. PA HAS REPORTEDLY ALSO HELD TO HARD LINE ON DEFENSE QUESTION CALLING FOR WITHDRAWAL OF ICELAND DEFENSE FORCE (IDF). WHILE THIS IS CERTAINLY ISSUE SEPARATING SDP AND PA, EMBASSY BELIEVES THAT IDF ISSUE

IS PROBABLY BEING INTRUDUCED AS TACTICAL PLOY  
RATHER THAN AS HEART OF CONFLICT BETWEEN TWO PARTIES.

3. SINCE DISCUSSIONS TO DATE HAVE BEEN PRELIMINARY,  
THERE IS NO REASON FOR PEOPLE'S ALLIANCE TO GIVE  
ANY GROUND AS YET TO SDP. MOREOVER, PA AS SELF-STYLED  
AUTHENTIC REPRESENTATIVE OF THE LEFT REMAINS RESENTFUL OF  
SDP'S NEW PROMINENCE. IT REMAINS TO BE SEEN WHETHER PA WILL  
ADHERE TO UNYIELDING STANCE IF COALITION NEGOTIATIONS ARE  
PROLONGED.

4. SOCIAL DEMOCRATS ARE ACTUALLY IN GOOD TACTICAL POSITION  
IN DEALING WITH PA SINCE THEY COULD ALWAYS FORM  
TWO-PARTY GOVERNMENT WITH IP. ASIDE FROM SOME  
RELUCTANCE ON PART OF IP (REFTEL) WHICH COULD  
PROBABLY BE OVERCOME, SDP IS STILL TAKING LINE  
THAT LAST THING IT WANTS IS REESTABLISHMENT OF IP-SDP  
GOVERNMENT. SOCIAL DEMOCRATS SAY THAT 1959-71  
COALITION BETWEEN TWO PARTIES WAS TANTAMOUNT  
TO POLITICAL SUICIDE FOR SDP AND THAT THEY ARE NOT  
INCLINED TO MAKE SAME MISTAKE TWICE. INSTEAD, POSSI-  
BILITY OF MINORITY SDP GOVERNMENT WITH TACIT IP SUP-  
PORT HAS BEEN RAISED. THERE IS PRECEDENT FOR SUCH AN  
EVENT (SHORT-LIVED 1959 GOVERNMENT), BUT SUCH A DEVELOP-  
MENT APPEARS SOMEWHAT REMOTE AT PRESENT TIME, PARTICU-  
LARLY GIVEN SERIOUSNESS OF COUNTRY'S ECONOMIC PROBLEMS.  
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BLAKE

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESIDENT, SOCIAL DEMOCRATS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Subject:** PRESIDENT ASKS SOCIAL DEMOCRATS TO FORM GOVERNMENT  
**TAGS:** PINT, IC  
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